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California Energy Commission
Docket Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5504

RE: Docket No. 04-IEP-01 – November 15, 2004 Workshop

Dear Commissioners:

San Diego Gas & Electric and Southern California Gas Company are pleased to provide comments on the Proposed Scope of Work for the California Energy Commission (CEC) Electricity Environmental Performance Report that was presented at the November 15, 2004 workshop. In general, we find the work plan in the various environmental areas to be comprehensive and well thought out in terms of identifying the data needed to address key environmental issues and concerns for development of the 2005 Integrated Energy Policy Report. There were two presentations at the workshop that we address in the following comments.

**Presentation on “2005 Electricity Environmental Performance Report:
Electricity Generation and Air Emissions”**

Page 13 of this workshop presentation contained the statement: “Where will the next power plants be built, and will offsets and mitigation be available?” We wish to emphasize that this air emission issue identified by CEC staff is of great concern. There are many areas of the state where emission reduction credits (ERCs) are scarce and very expensive. For example, in 2003 NOx emission credits reached the level of \$140,000 per ton in the San Diego Air Pollution Control District, the highest cost in the state.¹ The scarcity of credits for NOx or other pollutants is not limited to San Diego. While price is certainly a consideration; the ability to buy or create ERCs is critical to the ability for any party to build California-based generation facilities that require ERCs. Earlier this year the California Air Pollution Control Officers Association (CAPCOA) held a workshop at which they also identified the scarcity of ERCs as a statewide problem². We recommend that the CEC aggressively work with the California Air Resources Board (CARB), CAPCOA, and others to help foster a framework where parties can effectively create ERCs, or provide other approaches to mitigation of air emissions, which will help both to reduce emissions in a given air district, and ensure that new generation may be built.

¹ Emission Reduction Offsets Transaction Cost Summary Report for 2003; March 2004; Air Resources Board

² Information on the CAPCOA workshop is found at: http://www.capcoa.org/new_page_1.htm.

Presentation on “CEC Environmental Performance Report Findings for Biological Resources”

This workshop report discusses on several pages (pp. 3, 4, 9, 10 and 13) a number of biological resource issues concerning gas and electric transmission lines. Areas of study suggested for gas and electric transmission lines include the impacts on endangered species in corridors; corridors that cross forested regions; and potential for degrading habitat of state or federally listed species or critical habitat. Review of avian electrocution research and mitigation was also listed for electric transmission lines.

We must point out that the ability to build and maintain gas and electric transmission lines in balance with environmental concerns is critical to the reliable delivery of electric energy throughout the state. This issue raises three concerns with regard to biological resources:

- 1) New transmission line corridors often require siting in sensitive natural resource areas located in publicly protected areas such as state parks or private preserves. Without adequate corridors for transmission lines the state could be faced with reliability or regional supply issues. We urge the CEC to support changes in legislation or regulations that would enable environmentally acceptable transmission corridors to be established for new gas and electric transmission facilities.
- 2) The construction of gas and electric transmission lines can at times require some destruction of sensitive biological resources. We urge the CEC to support changes in legislation or regulations that would enable expedited programmatic permitting (environmentally acceptable alternatives or acceptable means of mitigation) to allow for the construction of transmission lines.
- 3) The safe and reliable operation and maintenance of gas and electric transmission lines requires minor impacts to sensitive biological resources (i.e., trimming of vegetation, access road grading, crossing of streams). We urge the CEC to support changes in legislation or regulations that would enable expedited programmatic permitting to allow for acceptable methods to mitigate for the minor impacts associated with routine operation and maintenance of transmission lines.

We also recommend that the CEC consider use of PIER funding for additional avian electrocution research that could bring about effective methods of protection.

Sincerely,

Bernie Orogco